

State Of Rhode Island – Division Of Taxation

Personal Income Tax

Regulation PIT 03-09

Out-of-State Credit – “Double Resident”

I. GENERAL

A Rhode Island resident may be allowed a credit for taxes due and paid to another state. Taxpayers claiming this credit must file the long form Rhode Island resident return.

II. DOUBLE RESIDENT

A person may be considered a resident of this state for tax purposes even though maintaining a domicile in another state.

A person acquires "double residence" status when he/she is not domiciled in Rhode Island and is living in a home they maintain in this state for more than 183 days of the tax year and, therefore, meets the residency requirements of this state.

Rules for days within and without Rhode Island. In counting the number of days spent within and without Rhode Island, a day spent within Rhode Island includes any part of a day, except for a part of a day during which an individual is present solely while in transit to a destination outside Rhode Island. An individual claiming to be a nonresident who is not domiciled in Rhode Island but who has a permanent place of abode in this state shall have records available for examination by the Division of Taxation to substantiate the fact that such individual spent 183 days or less within Rhode Island.

III. OUT-OF-STATE TAX CREDIT FOR "DOUBLE RESIDENT"

A. A taxpayer who meets the qualifications above and is, therefore, a "double resident" for both Rhode Island and another state should complete computations of both states' tax liabilities (before credits) and then follow these steps to determine the out-of-state credit to be used on the Rhode Island return:

1. Add together the Rhode Island tax liability (before withholding and credits) and the other state tax liability (before withholding and credits).
2. Divide the Rhode Island tax liability by the total tax liability from step #1.
3. Multiply the percentage from step #2 by the lower state's tax. The resulting amount is the limitation of the out-of-state credit.

4. The actual amount of out-of-state tax credit will then be the smaller of the Rhode Island tax liability or the amount of credit for taxes due and paid to the other state as calculated in step #3.

B. This special treatment and calculation of out-of-state tax credit for "double residents" is only allowed if the other state also allows a similar reduction in its tax for "double residents."

IV. EXAMPLE

A person is domiciled outside Rhode Island but is living in a home maintained by him in Rhode Island for more than 183 days of the tax year and, therefore, is considered a resident for the personal income tax purposes of this state. The Rhode Island tax liability before any withholding or credits is \$800 and his tax liability to State X before withholding or credits is \$500. Computation of the credit to be allowed on the Rhode Island filing for out-of-state taxes due and paid is as follows:

- | | |
|-------------------------------|------------|
| 1. Rhode Island Tax Liability | \$ 800.00 |
| X Tax Liability | 500.00 |
| TOTAL | \$1,300.00 |
2. Rhode Island Tax Liability = \$ 800.00 = 61.5%
Total \$1,300.00
3. 61.5% x \$500 (the lower tax amount) = \$307.50

This is the limitation on out-of-state credit

4. The out-of-state credit = the smaller of \$307.50 (calculated above) or \$500 (the tax liability to State X). In this case the actual out-of-state credit to be used by the taxpayer is \$307.50.

CROSS REFERENCE: PIT 90-13

R. GARY CLARK
TAX ADMINISTRATOR

EFFECTIVE: JANUARY 1, 2003

THIS REGULATION AMENDS AND SUPERCEDES REGULATION 90-9 PROMULGATED MAY 1, 1990.